NERC
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

Cyber Security Standards Transition Guidance (Revised)

To: Regional Entities and Responsible Entities

From: NERC Compliance Operations and Critical Infrastructure Departments

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Background

On April 18, 2013, the Federal Energy Regulatory Commission ("FERC" or the "Commission") issued a Notice of Proposed Rulemaking ("NOPR") proposing to approve Version 5 of the North American Electric Reliability Corporation's ("NERC") Critical Infrastructure Protection ("CIP") Reliability Standards ("CIP Version 5"), filed on January 31, 2013.[1] In the NOPR, the Commission proposes to approve NERC's implementation plan to allow Responsible Entities to transition from compliance with the currently-effective CIP Version 3 Reliability Standards ("CIP Version 3") to compliance with the CIP Version 5 Reliability Standards. Under this scenario, the Version 4 CIP Reliability Standards ("CIP Version 4")[2] would never be mandatory and enforceable.

In response to the Commission's proposal to approve the implementation plan for CIP Version 5, NERC is issuing this revised *Cyber Security Standards Transition Guidance* to provide guidance to Regional Entities and Responsible Entities regarding the transition from CIP Version 3 to CIP Version 5. This guidance supersedes the *Cyber Security Standards Transition Guidance* issued on April 11, 2013, which provided guidance to Regional Entities and Responsible Entities regarding the transition from CIP Version 3 to CIP Version 4 while CIP Version 5 was pending at FERC. This guidance addresses the period between the issuance date of this revised *Cyber Security Standards Transition Guidance* and the enforcement date of CIP Version 5 ("Transition Period").

Below, NERC provides guidance for the Transition Period based on the assumption that the Commission will issue its final rule prior to the effective date of CIP Version 4, in line with its proposal in the NOPR to approve the CIP Version 5 implementation plan and leave CIP Version 3 in effect until the enforcement date of CIP Version 5. In addition, NERC outlines its plans to develop a CIP Version 5 Transition Implementation Study ("Transition Study") to collect and evaluate relevant data from select Responsible Entities regarding their experiences in implementing CIP Version 5 requirements.

[1] The Commission also proposes to direct that NERC develop certain modifications to the CIP Version 5 Standards to address the matters identified by the Commission in the NOPR.

[2] http://www.nerc.com/files/OrderApprovingV4CIPStds-Order761_20120419.pdf. FERC Order No. 761 was published in the *Federal Register* on April 25, 2012, with an effective date 60 days after publication. Therefore, Order No. 761 became effective on June 25, 2012. CIP Version 4's implementation plan provides for CIP Version 4 to become enforceable on April 1, 2014.

Guidance during the Transition Period

NERC acknowledges that entities currently are in various stages of implementation of CIP Version 3 and CIP Version 4. NERC understands the need for flexibility during the Transition Period and is committed to working with industry to address any potential transition issues. This transition guidance applies to Responsible Entities subject to the FERC's jurisdiction. For Responsible Entities not subject to FERC's jurisdiction, compliance with CIP Reliability Standards will continue to be monitored and enforced consistent with the respective framework in place in each jurisdiction.

Asset Identification Options

Prior to the date of mandatory enforcement of CIP Version 5, a Responsible Entity must continue to comply with the CIP Version 3 Standards (CIP-003-3 through CIP-009-3) during the Transition Period.[3] Entities will continue to comply with CIP-002-3 by maintaining a valid CIP Version 3 risk-based asset methodology ("RBAM") for Critical Asset identification unless the entity elects one of the alternative options below for identifying assets subject to the controls in CIP-003-3 through CIP-009-3. Entities utilizing one of the options below will not be required to maintain a CIP Version 3 RBAM document or a risk-based discussion justifying their conclusion. Entities may select from the following alternative approaches:

1. Utilize the CIP Version 4 bright-line criteria in its entirety, with the exception of criterion 1.4 (Blackstart Resources) and criterion 1.5 (Cranking Paths),[4] to identify assets subject to the controls in CIP-003-3 through CIP-009-3; or
2. Utilize the CIP Version 5 "High" and "Medium" Impact Ratings to identify assets subject to the controls in CIP-003-3 through CIP-009-3.

A Responsible Entity must identify the approach it is using for asset identification as part of its response to a pre-Compliance Audit Survey, a pre-Spot Check data request, or as otherwise requested pursuant to the Compliance Monitoring and Enforcement Program.

Entities choosing option 1 or 2 as a valid RBAM may decide to remove assets previously identified under a CIP Version 3 RBAM. CIP Versions 4 and 5 contain requirements for asset identification that permit certain third parties to designate an asset as critical (Reliability Coordinators, Transmission Planners, Planning Coordinators, or Planning Authorities), as identified below. NERC highly encourages these third parties to proactively designate the necessary assets in a timely fashion.

<u>CIP Version 4 Related Third-Party Designations (applicable to entities electing Option 1)</u>

- **(Criteria 1.3)** Each generation Facility that the Planning Coordinator or Transmission Planner designates and informs the Generator Owner or Generator Operator as necessary to avoid Bulk Electric System Adverse Reliability Impacts in the long-term planning horizon.

[3] This includes Responsible Entities who will not have compliance responsibility under CIP Version 5, but do have responsibility under CIP Version 3.
[4] Control centers associated with Blackstart Resources (Criterion 1.15) and Cranking Paths (Criterion 1.16) shall continue to be deemed critical.

- **(Criteria 1.8)** Transmission Facilities at a single station or substation location that are identified by the Reliability Coordinator, Planning Authority or Transmission Planner as critical to the derivation of [IROLs] and their associated contingencies.
- **(Criteria 1.9)** Flexible AC Transmission Systems, at a single station or substation location, that are identified by the Reliability Coordinator, Planning Authority or Transmission Planner as critical to the derivation of IROLs and their associated contingencies.
- **(Criteria 1.10)** Transmission Facilities providing the generation interconnection required to connect generator output to the transmission system that, if destroyed, degraded, misused, or otherwise rendered unavailable, would result in the loss of the assets identified by any Generator Owner as a result of its application of Attachment 1, criterion 1.1 or 1.3.

CIP Version 5 Related Third-Party Designations (applicable to entities electing Option 2)

- **(Impact Rating 2.3)** Each generation Facility that its Planning Coordinator or Transmission Planner designates, and informs the Generator Owner or Generator Operator, as necessary to avoid an Adverse Reliability Impact in the planning horizon of more than one year.

- **(Impact Rating 2.6)** Generation at a single plant location or Transmission Facilities at a single station or substation location that are identified by its Reliability Coordinator, Planning Coordinator, or Transmission Planner as critical to the derivation of Interconnection Reliability Operating Limits (IROLs) and their associated contingencies.

- **(Impact Rating 2.8)** Transmission Facilities, including generation interconnection Facilities, providing the generation interconnection required to connect generator output to the Transmission Systems that, if destroyed, degraded, misused, or otherwise rendered unavailable, would result in the loss of the generation Facilities identified by any Generator Owner as a result of its application of Attachment 1, criterion 2.1 or 2.3.

Compliance Monitoring and Enforcement Guidance

A Responsible Entity must continue to comply with the CIP Version 3 Standards (CIP-003-3 through CIP-009-3) during the Transition Period using the asset identification elected above. The Transition Study will help identify successful implementation methods and challenges that the industry may face in transitioning to CIP Version 5, including identifying circumstances where entities will not be able to maintain compliance with CIP Version 3 while implementing CIP Version 5. An updated transition guidance document for CIP Version 5 will incorporate these lessons learned from the Transition Study.

CIP Version 5 Transition Implementation Study

As noted above, NERC is developing a Transition Study to collect and evaluate relevant data from select Responsible Entities regarding their experiences in implementing CIP Version 5. The results of the Transition Study will be shared with other Responsible Entities in additional guidance. NERC will select a diverse mix of Responsible Entities for the Transition Study based in part on willingness to participate, past performance on the CIP Reliability Standards, and expected relevance to the Transition Study's goal. The Transition Study will include between six and eight voluntary participants. NERC and the Regional Entity will not conduct compliance monitoring activities or pursue enforcement actions related to CIP Version 3 with respect to Responsible Entities participating in the Transition Study; however, NERC and the Regional Entity will have ongoing oversight and review of implementation activities over the course of the study period for the Responsible Entities.[5]

One tool that NERC will use for the Transition Study will be the CIP Version 5 Reliability Standard Audit Worksheets ("RSAWs"). The RSAWs for CIP Version 5 are currently in development and are expected to be completed in the third quarter of 2013. Following the completion of the RSAWs, the Transition Study will begin in October 2013, and is expected to be completed by the end of the first quarter of 2014.

After the Transition Study is completed, NERC will prepare a report. The report will synthesize the Responsible Entities' experiences in applying CIP Version 5, focusing on the effectiveness of meeting the CIP Version 5 Requirements and the methods employed during implementation. Specific areas NERC will examine include:

- What methods, approaches, and policies were effective in implementing the technical controls of CIP Version 5;
- What tools, policies, and training were effective in aligning employees' skills and cooperation with the Responsible Entity's mission and the CIP Version 5 Standards;
- What hurdles did the Responsible Entities encounter, and what were the outcomes; and
- What Requirements and concepts of CIP Version 5 did Responsible Entities have difficulty implementing and why.

CIP Version 5 Timeline Summary (Assuming FERC approval of CIP Version 5 by third quarter 2013)

- RSAW development completed: Third quarter 2013
- Transition Study begins: October 2013
- Transition Study completed: End of first quarter 2014
- Transition Study Report completed: End of first quarter 2014
- Final Cyber Security Standards Transition Guidance published: Second quarter 2014
- Self-correcting language FERC compliance filing: Second quarter 2014

[5] Additional information regarding the Transition Study will be filed with the Commission as an informational filing.